



review

news//views Issue 01 2011



Creating
relationships.

Rebrand: A new look

The NVM Private Equity team are proud to introduce you to our new look which captures the essence of our personality: **People**. Our name remains the same, but our message is clearer.

We have been building strong relationships with advisors, management teams and entrepreneurs since 1984. Relationships are fundamental to our approach and enable us to generate substantial value for our funds and many of our management teams.

Visit us at www.nvm.co.uk to learn more about our people, portfolio and funds.

“ *People are our business and the rebrand has created a clearer platform to communicate this to our market.* ”

Martin Green,
NVM



What we do.

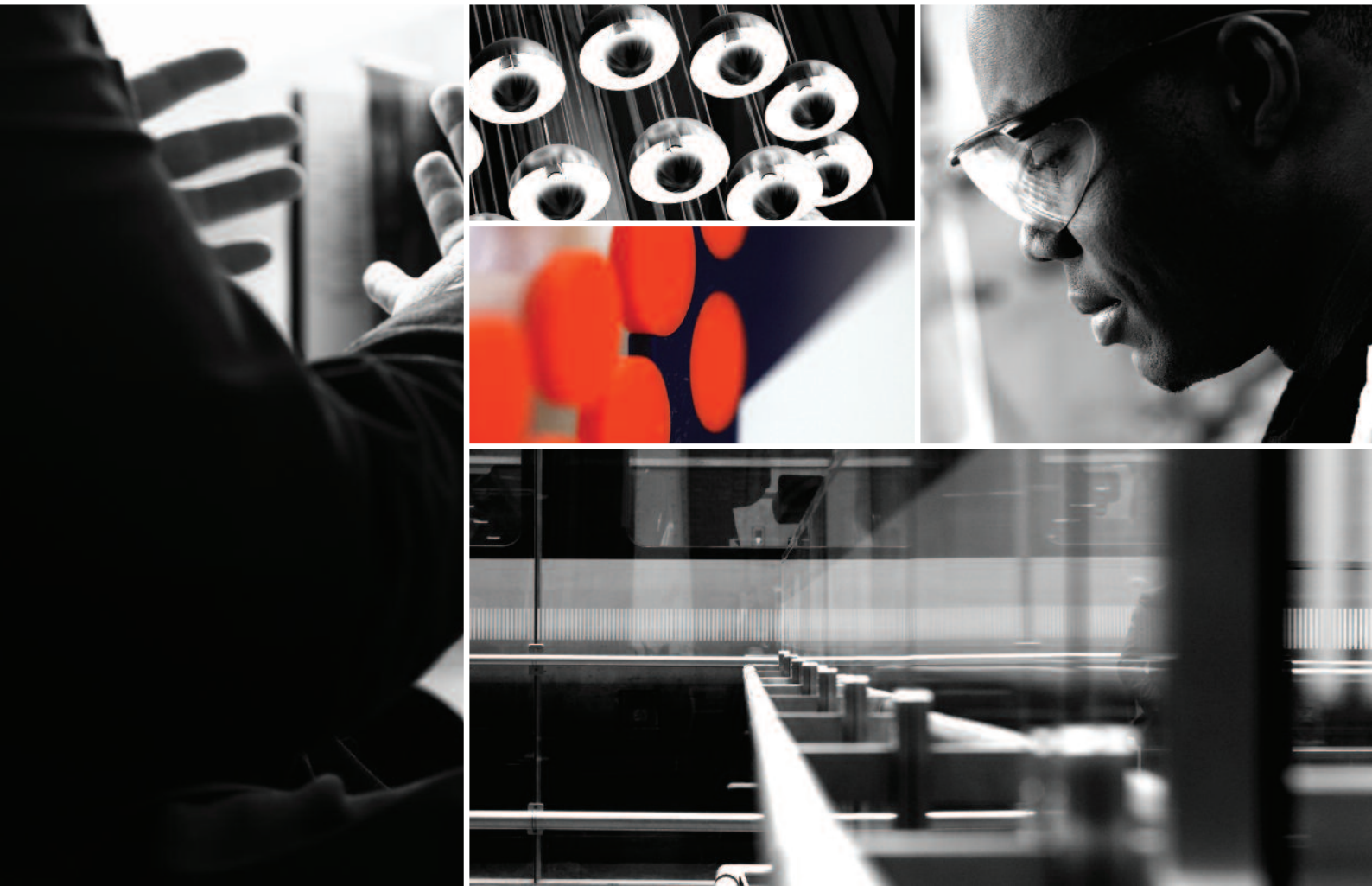
We seek investment opportunities in UK businesses that have the right mix of flair, growth potential and market vision. They may be looking to grow organically, acquire another business or secure a management buy-out. Typically, we look to invest between £2m and £10m.

Our investment team has wide industry experience. We're open to ideas and proposals in all sectors and across the regions.

We're hands-on investors. We work alongside the owners and management teams, sharing our knowledge and experience, drawing in additional expertise where necessary. We talk to the team to discover what makes them tick, and why they need our help.

We don't make decisions based purely on balance sheets and business plans. To us, this is not just a numbers game, it's about recognising great ideas and helping turn them into growing businesses, with all the excitement and challenges involved.

NVM – Creating relationships, building businesses, delivering results – together.



Cawood Scientific

The need for land-based industries to be environmentally friendly, reduce costs and provide product assurance will continue to be strong drivers for growth across Cawood Scientific's key fields of activity. The business specialises in the analysis of animal feed, grain, soil, fertilisers, composts, contaminated land and renewables, such as composted waste and anaerobic digestate.

Cawood Scientific is the holding company for NRM and Sciantec Analytical Services, both provide a 'one-stop-shop' range of testing services to the majority of organisations operating in land-based sectors throughout the UK.

NVM backed Nigel Patrick and his team with £4m of investment to support the company's independent growth of its services across the UK and Europe.

"Cawood is led by an established, successful and committed management team." Says Peter Hodson, NVM deal leader. "They have a loyal customer base and increasing opportunities for new contracts across Europe.

The team has developed a wide ranging growth strategy involving the introduction of new services to niche markets."

"This is an exciting development for our customers and employees. We have secured investment from NVM to support the continued expansion of the business and I am delighted to be leading Cawood at this important time."

Nigel Patrick,
Managing Director of Cawood Scientific



Tinglobal

Large corporates are increasingly becoming open to buying second user IT equipment in an effort to reduce costs and to demonstrate their green credentials. Tinglobal specialises in the refurbishment and sale of second user mid-to-high end IT equipment and are focused on exploiting these trends.

Tinglobal currently employs over 80 staff across their Cirencester and London facilities. The company supplies over 900 organisations in 45 countries, including the industry's largest IT manufacturers. NVM recently invested £6m to support Tinglobal's management buy-out. To coincide with the transaction Andy Vickers, ex-Managing Director of Canon UK and Ireland, has been appointed as Business Development Director. He will join forces with the existing management team; David Gutteridge and Mat Jordan.

"The current management team has driven the business to the forefront of their market; and are set to expand their product offering globally." Comments Peter Hodson, NVM.

"The combination of NVM's funding and support will help the business to develop and grow within the refurbished equipment and services market."

David Gutteridge,
Chairman of Tinglobal



Control Risks

In the mid-1970s international business executives had become the target of kidnappers in parts of South America. The insurance industry sought more professional advisors to minimise their exposure, so Control Risks was born.

Increasing globalisation and complexity is driving the demand for advice and practical assistance in difficult business environments. Recent events across North Africa and the Middle East are a timely reminder of the challenges and risks that international organisations face; and the need for trusted solutions to those problems. Control Risks offers a range of services addressing the political, security and integrity risk challenges facing companies competing in a globalised but volatile world.

NVM invested £6m to enable Control Risks' management team to continue driving the strong growth of the business as an independent company. A syndicate of co-investors funded the rest of the transaction. Tim Levett of NVM recognised that *"Control Risks is a company of the highest integrity with exceptional people delivering a first class service to clients."*

Control Risks work from 34 offices on 5 continents, enabling its clients to operate in a range of hostile or complex business environments. The company has an outstanding client list including many of the world's leading corporations, governments and non-governmental organisations.

“NVM was able to demonstrate a successful, long-term, supportive and flexible approach to investment which closely matched the Board’s aspirations.”

Richard Fenning,
CEO of Control Risks



Kitwave

Consolidation has been the key to Kitwave’s success, and the management team is keen to continue making acquisitions with NVM’s support.

Kitwave sells tobacco, alcohol, confectionery and soft drinks to a diverse mix of independent retailers and wholesalers from its six warehouses across the North and Midlands. The company maintains long-term relationships with its customers and its unique local service offers customers a feeling of being more than just an account number.

Paul Young has led the business since its inception in 2006 and successfully acquired four companies offering similar product ranges and customer bases. The acquisition strategy has paid off with turnover increasing from £15m to £100m.

NVM has supported Paul’s consolidation strategy with £7.5m of development capital. *"Management’s future vision is based on a successful track record of acquisitions and we are delighted to support this vision".* Says Mauro Biagioni, NVM.

“NVM has proved to be a flexible and supportive investment partner from the outset.”

Paul Young,
Group Managing Director of Kitwave



Closer2

A new company called Closer2 has been created by the CloserStill management team to seek out small businesses, launches and partnerships with entrepreneurs that can grow quickly.

NVM has been working with CloserStill's Andy Center and his team since 2005. The team has an impressive track record of buying and building exhibitions, such as the Pharmacy, Denistry, London VET and Learning Technologies shows.

Since Closer2's inception in March 2011, the new company has made two acquisitions; Biofuels Media, which operates the annual European Bioenergy Expo and Conference (EBEC), and Red Publishing, the cloud computing Expo business.

NVM has injected £3m into the launch of Closer2. "CloserStill is an excellent example of the benefits of backing an experienced management team to acquire dynamic companies with strong growth potential." Comments Peter Hodson of NVM, who has supported Andy and the team for over six years.

“We have an excellent relationship with the team at NVM. If our recent experiences are anything to go by, it could be an exciting and rewarding ride.”

Andy Center,
CEO of CloserStill

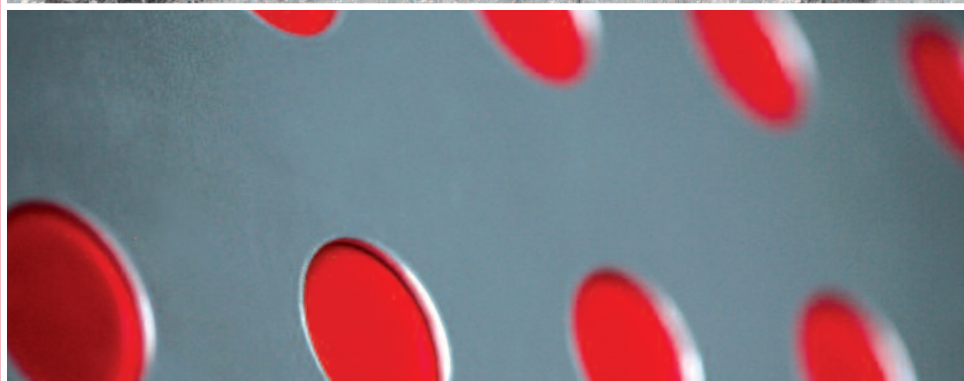


Three peaks challenge

On 17 June 2011 members of the NVM team completed the arduous Three Peaks Challenge.

Our team climbed the three highest peaks in the UK – Ben Nevis in Scotland, Scafell Pike in England and Snowdon in Wales – within 24 hours. We raised a combined £13,000 for our chosen charities; Muscular Dystrophy Campaign, who lead a campaign to fight against muscle disease and STEPS who support children and adults affected by lower limb conditions.

Thank you to everyone who supported our challenge with donations.



Fund performance

Northern Venture Trust PLC

Launch date	1995
Share price	73.5p
Latest NAV per share	86.6p (30 June 2011)
Number of shares in issue	71,278,380
Market capitalisation	£52.4m
Dividend yield	10.0%

	1 year	3 years	5 years	10 years
Nav total return - company	122.6	151.5	182.7	196.3
- Sector average	109.3	108.7	115.5	151.9
Share price total return				
- company	111.4	160.8	193.8	240.0
- Sector average	109.3	106.0	117.6	164.4

Northern 3 VCT PLC

Launch date	2001
Share price	78.5p
Latest NAV per share	94.4p (30 June 2011)
Number of shares in issue	40,434,802
Market capitalisation	£31.7m
Dividend yield	5.7%

	1 year	3 years	5 years	10 years
Nav total return - company	107.3	113.5	123.7	N/A
- Sector average	109.3	108.7	115.5	151.9
Share price total return				
- company	108.2	110.7	128.1	N/A
- Sector average	109.3	106.0	117.6	164.4

Northern 2 VCT PLC

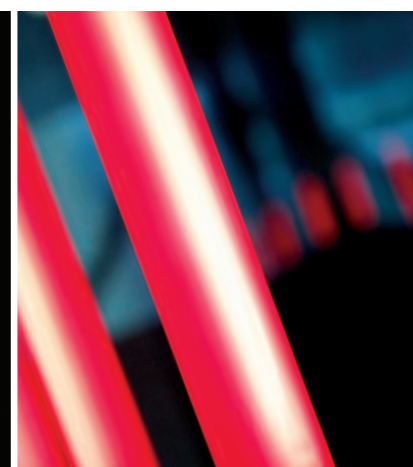
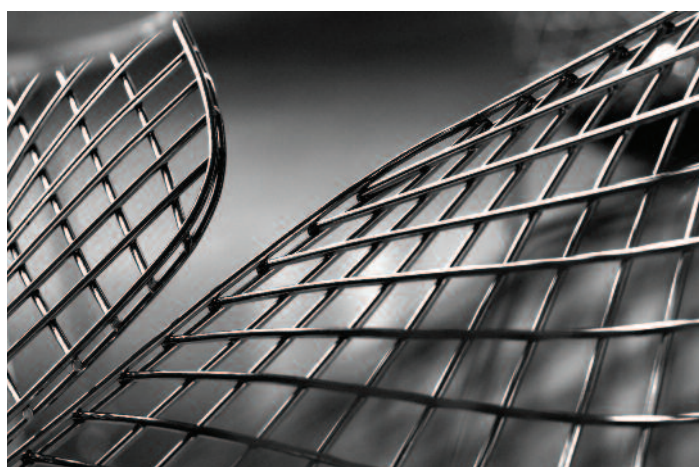
Launch date	1999
Share price	65.5p
Latest NAV per share	80.7p (30 June 2011)
Number of shares in issue	57,468,342
Market capitalisation	£37.6m
Dividend yield	9.9%

	1 year	3 years	5 years	10 years
Nav total return - company	114.5	122.4	131.2	152.7
- Sector average	109.3	108.7	115.5	151.9
Share price total return				
- company	108.9	115.1	130.9	160.6
- Sector average	109.3	106.0	117.6	164.4

Northern Investors Company PLC

Launch date	1984 (listed since 1990)
Share price	213.5p
Latest NAV per share	306.8p (30 June 2011)
Number of shares in issue	19,395,440
Market capitalisation	£41.4m
Dividend yield	3.7%

	1 year	3 years	5 years	10 years
Nav total return - company	111.4	115.3	137.7	171.7
- Sector average	122.1	78.0	92.1	127.0
Share price total return				
- company	115.0	137.5	138.7	135.2
- Sector average	118.6	71.7	70.5	120.6



Share price is mid-market price as at 31 August 2011. Dividend yield is based on dividends paid and proposed in respect of latest full financial year, expressed as a percentage of share price. Total return statistics are for periods to 31 August 2011, return shown is on £100 invested, based on mid to mid share price/latest published NAV, assuming net income re-invested (source: AIC). In accordance with AIC methodology, figures shown over 3 Years are based on NAVs excluding current period revenue; and figures shown for 3 years and under are based on NAVs including current period revenue. 'Sector average' refers to the following sectors:

VCT Generalist	Northern Venture Trust PLC Northern 2 VCT PLC Northern 3 VCT PLC
Private Equity	Northern Investors Company PLC

Fundraising plans

NVM's twelve year old Venture Capital Trust (VCT), Northern 2 VCT PLC, is pleased to announce its plan to launch a £15m new ordinary share issue in November 2011*.

Northern 2 VCT also intends to launch a tender offer, entitling shareholders to apply for up to 10% of their shareholding to be purchased at a price representing a 3% discount to the unaudited net asset value as at 30 September 2011.

Our investment team has successfully added six new growing UK businesses to our portfolio over the past twelve months, investing nearly £30m. The deal pipeline is strong for the next few months – so with further cash to invest, the NVM team is keen to seek new investment opportunities to enhance the portfolio.

*"NVM is one of the top performing VCT fund managers over the past five years**", a period in which market conditions have been difficult. Comments Tim Levett, Chairman of NVM.*

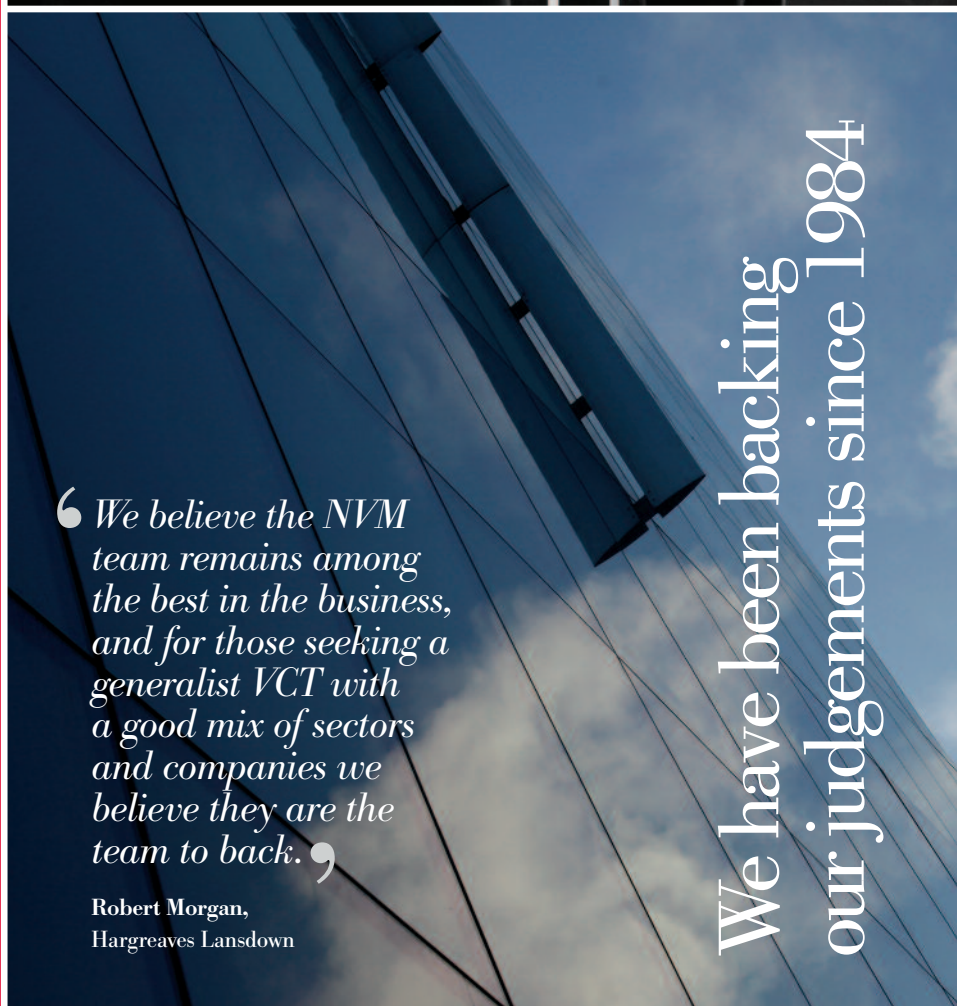
"In August we announced the successful sale of our investment in Promanex Group, generating total cash returns of £13.7m over a four year period from an original investment of £8.4m. Our track record of delivering profitable exits against a challenging economic background gives us confidence in Northern 2 VCT's ability to meet its objective of paying an annual tax-free dividend of at least 5.5 pence per share – a figure which has already been achieved in each of the past seven years."

In February 2011, NVM's oldest VCT, Northern Venture Trust PLC, was the first in its market to sell-out of shares having raised its target of £15m well ahead of the closing date. To meet the high demand for VCT shares, NVM launched a linked top-up offer of Northern 2 VCT PLC and Northern 3 VCT PLC ordinary shares. This was also fully subscribed ahead of the closing date. Tim had never seen such a strong demand for VCTs. *"The benefits of investing into an existing VCT appear to be catching on."* Says Tim Levett.

A Northern 2 VCT PLC prospectus, including application form, will be posted to all shareholders and will be available to download from our website at www.nvm.co.uk/shareissue in November. For further information please contact Alison Spedding at NVM on 0191 244 6016 or e-mail alison.spedding@nvm.co.uk.

* Subject to obtaining shareholder approval at the General Meeting on 20 October 2011

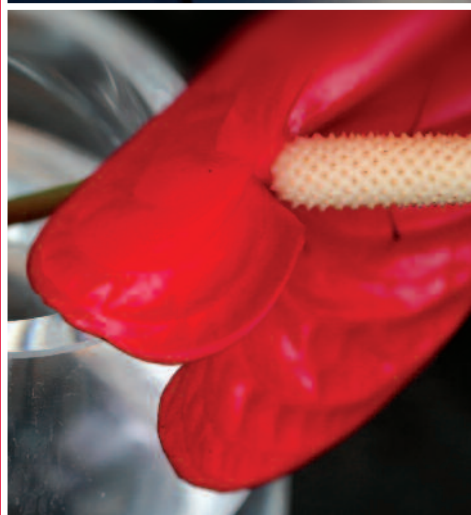
** Source: Association of Investment Companies (AIC)



“We believe the NVM team remains among the best in the business, and for those seeking a generalist VCT with a good mix of sectors and companies we believe they are the team to back.”

Robert Morgan,
Hargreaves Lansdown

**We have been backing
our judgements since 1984**





Shareholder meeting dates:

Northern Venture Trust PLC, AGM

Wednesday 14 December 2011, 11.30am
London

VCT Shareholder Seminar

Tuesday 24 January 2012, 11.00am
London

If you have a shareholder query,
please contact:

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Private Equity House of the Year
Deal of the Year for Kitwave

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